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Tarrant County Texas

Official Public Records

2/16/2011 10:22 AM

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Mary Louise Ervin PGS 8 \$44.00
 NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SECOND AMENDMENT

("Second Amendment")

THE STATE OF TEXAS §
 §
 COUNTY OF TARRANT §

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, that certain unrecorded Oil and Gas Lease ("Lease") dated effective February 28, 2008, was entered into by and between Mansfield Ervin Minerals, Ltd., as Lessor and Llano Royalty, Ltd., as Lessee covering 109.8665 acres of land, ("Lands") more or less, out of the J. Grimsley Survey, A-578, in Tarrant County, Texas, a Memorandum of which is recorded in Document No. 208216145 of the Real Property Records of Tarrant County, Texas. The Lease and Lands have been pooled into the 328.27 acre Ervin Unit by the First Amended and Ratified Designation of Pooled Gas Unit dated effective July 15, 2009, executed in counterpart by Carrizo Oil & Gas, Inc. and recorded in Document No. 210230856 of the Real Property Records of Tarrant County, Texas ("Ervin Unit").

WHEREAS, the terms of the Lease are supplemented by that certain Surface Waiver, Surface Use, Subsurface Use and Easement Agreement ("SUA") and that certain Frac Pit Agreement ("FPA") both dated effective February 28, 2008, and entered into by and between Robert Ervin, Billy Wayne Ervin and wife Sandra Ervin, John Will Ervin, and Faye Ervin (collectively the "Ervins"). The Lease, SUA and FPA shall collectively be referred to herein as the "Agreements". Mansfield Ervin Minerals, Ltd. and the Ervins shall collectively be referred to herein as the "Ervin Family". Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreements.

WHEREAS, Carrizo Oil & Gas, Inc., ("Carrizo") 1000 Louisiana Street, Suite 1500, Houston, Texas 77002, has acquired the leasehold ownership interest in the Lease, SUA and FPA, is the current operator of record approved by the Railroad Commission, and is the successor Lessee to Llano Royalty, Ltd.

WHEREAS, the Lease was amended by virtue of that certain Amendment of Oil, Gas and Mineral Lease executed effective July 29, 2008 between the Ervin Family and Carrizo, recorded in Document No. D208340707 of the Real Property Records of Tarrant County, Texas.

WHEREAS, Carrizo desires to drill additional horizontal wells from the Drillsite (as defined in the Agreements) located on the Ervin Lands, as the same may be expanded or enlarged, into the lands comprising the Ervin Unit, XTO's Debbie Lane Prospect, and possibly other lands that can also be developed from the Ervin Drillsite. As a result, Carrizo proposes certain additional provisions and amendments to the existing Agreements to accommodate the additional operations. The additional provisions and amendments will also memorialize the additional benefits to be received by the Ervin Family. Based upon the foregoing, Carrizo and the Ervin Family desire to move forward with the proposed development and agree to the following additional provisions and amendments to the Agreements.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Ervin Family and Carrizo do hereby covenant and agree that the relevant Agreements shall include and incorporate the additional provisions and amendments set forth below as follows:

SECOND AMENDMENT
ADDITIONAL PROVISIONS

Additional Provision No. 1

Carrizo also covenants and agrees upon the proper and timely execution and delivery to Carrizo of this Second Amendment to immediately commence operations to remove the existing Ervin frac pit pursuant to the terms of the FPA, and that it will do so in compliance with the requirements of the FPA and the requirements of the City of Mansfield.

Additional Provision No. 2

The Ervin Family acknowledges that Carrizo may drill off lease wells (to develop and produce units that do not pool any of the Ervin Lands) from the Ervin Drillsite. The Ervin Family agrees that the surface and subsurface easements granted in the Agreements for drilling, completion, production, reworking, and other necessary operations shall apply to the off lease wells for the life of such wells. Regardless of whether or not there are any, on lease Ervin Unit wells (wells drilled to develop and produce from the lands comprising the

Ervin Second Amendment
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Ervin Unit and that do not pool any of the Ervin Lands) still producing under the Ervin Lands, or the Ervin Lease has otherwise expired, the rights to conduct operations and produce any off lease wells from the Drillsite shall survive until such off lease wells are no longer capable of production in paying quantities or the relevant leases are no longer perpetuated by other terms contained therein.

Additional Provision No. 3

The Ervin Family acknowledges and covenants that Carrizo has provided Lessor with a drilling and development plan for the Leased Premises which locates the existing and currently proposed wells to be drilled and developed by Lessee, the current pipelines, and the existing and currently proposed unit or units (on or off lease) which are proposed to be drilled from the "Drillsite" as required by the Agreements and has obtained the necessary consents and approvals from the Ervin Family to conduct such operations.

NOW THEREFORE, for the same consideration recited above, the Ervin Family and Carrizo do hereby covenant and agree that the relevant Ervin Agreements shall be amended to include and incorporate into the relevant Agreements the amended terms and provisions set forth below as follows:

SECOND AMENDMENT AMENDMENTS

Amendment No. 1

The Ervin Family hereby agrees to expand the area Carrizo may utilize in conducting its operations and hereby grants Carrizo the right and agrees that the Agreements are hereby amended to the extent necessary to grant Carrizo such right during its drilling, completion, reworking and production operations to utilize the area identified as comprising the SUP Boundary, Operations Site, Access Road, Pipeline Easement, and Meter Easement as depicted on the plat entitled "Drill Site Plan" attached hereto and made a part hereof as Exhibit "A". The term "Drillsite" defined in the Lease is hereby expanded to incorporate and include the "Operations Site" depicted on the attached Drillsite Plan. "Operations Site" may be used synonymously herein with "Drillsite". The Ervin Family and Carrizo hereby agree that the rights described in this paragraph are subject to final approval of the Specific Use Permit ("SUP") by the City of Mansfield.

Amendment No. 2

The Ervin Family hereby grants Carrizo an extension of time within which to complete the additional drilling operations and within which to reduce the size of the Operations Site (subject to Amendment No. 7 below) by amending such date set forth in the Agreements from February 28, 2012 to February 28, 2018.

Amendment No. 3

Carrizo and the Ervin Family hereby covenant and agree to expand the number of gas wells that may be drilled upon the Ervin Operations Site and hereby amend the Agreements with regard to the maximum number of gas wells that may be drilled by amending such right from 6 gas wells to 29 gas wells. However, this right shall only be expanded for wells drilled or for which drilling operations have commenced on or before February 28, 2018.

Amendment No. 4

The Ervin Family, pursuant to the relevant Agreements, is to receive a 3% overriding royalty on all leases pooled into the Ervin Unit or produced from the Operations Site, except Leases executed by members of the Ervin Family, on the first six gas wells drilled by Carrizo from the Ervin Operations Site and Carrizo agrees that the assignment of override for the first six wells shall be delivered by Carrizo to the Ervin Family contemporaneously with the execution of this Second Amendment. Such assignment for the first six wells shall be effective on the date of first production for each relevant well. The Ervin Family shall receive the same overriding royalty for wells seven through twenty-nine and any additional wells, if drilled from the Operations Site, regardless of whether such wells are drilled under the Ervin Lease or lands pooled therewith, or are drilled and completed as off lease wells, and regardless of whether the leases or units drilled and operated from the Operations Site as off lease wells, are owned by Carrizo, its successors, assigns, joint venture partners, working interest participants under a joint operating agreement or any other party that drills a well from the Operations Site with the express written consent of Carrizo. However, the parties agree that the override shall only apply to on lease or off lease wells drilled from a location on the surface of the Ervin Operations Site.

The Assignment of override for wells 7 through 29 and any additional wells shall be delivered by Carrizo to the Ervin Family when the relevant wells are completed, producing and flowing to the sales line. Each respective Assignment of override shall be effective on the date of first production for each relevant well.

Ervin Second Amendment
Page No. 3

Amendment No. 5

Carrizo and the Ervin Family covenant, agree and hereby amend the Agreements to provide that for gas well No. 7 through gas well No. 29 and any additional wells, the amount of surface damages for each respective well (well 7 through well 29 and any additional wells) if and when drilled shall be amended from \$30,000.00 to \$45,000.00.

Amendment No. 6

The Ervin Family hereby ratify and confirm the existing Ervin Unit. In addition, Carrizo and the Ervin Family covenant, agree and hereby amend the Agreements to provide that Carrizo, with the prior written consent of the Ervin Family, which consent shall not be unreasonably withheld or delayed, may redesignate or reform a previously pooled unit as long as all of the Ervin Lands are included in the designated unit and, without the consent of the Ervin Family, may redesignate or otherwise reform an off lease unit without including any of the Ervin Lands. In addition, the Agreements are amended to provide that the pooling authority and other terms of the leases pooled into an off lease unit or units which are drilled from the Ervin Operations Site shall be governed by the pooling authority and other terms and provisions contained in the relevant leases pooled. Notwithstanding anything to the contrary contained herein, the Ervin Agreements shall govern any and all operations conducted upon the surface of the Ervin Operations Site.

Amendment No. 7

Carrizo and the Ervin Family covenant, agree and hereby amend the Agreements to provide that within six (6) months following February 28, 2018, Carrizo will make reasonable, good faith efforts to reduce the Ervin Operations Site from the area encompassed by the then current SUP as approved by the City of Mansfield, to the minimum area that Carrizo reasonably expects in good faith will be necessary to be utilized in conducting the relevant operations, but in no event larger than the expanded Operations Site as defined in Amendment No. 1 above (the "Permanent Production Site"). The boundaries of the Permanent Production Site shall be surveyed by Carrizo within a reasonable period of time following February 28, 2018, and Carrizo shall thereafter provide the Ervin Family with a copy of the Survey of the Permanent Production Site. Further, no later than May 31, 2011, Carrizo shall provide the Ervin Family with a current, certified survey of the Ervin Operations Site that complies with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys (effective February 23, 2011). As additional consideration for the agreement of the Ervin Family to allow Carrizo to use the expanded Operations Site, within twenty-four (24) hours after the execution of this Second Amendment, Carrizo shall pay the Ervin Family the sum of \$50,000.00 in cash, with an additional \$50,000.00 in cash to be paid by Carrizo on or before the earlier of (i) the spud date of the first off lease well to be drilled from the surface of the Ervin Operations Site into the Debbie Lane Prospect or (ii) one year from the Effective Date of this Second Amendment. Such sums shall be paid by wire transfer to Mansfield Ervin Minerals, Ltd. or as otherwise directed in writing by the Lessor.

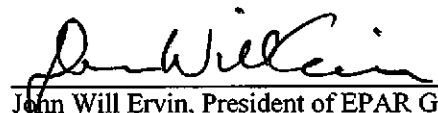
This Second Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall be deemed to be one and the same Second Amendment. This Second Amendment may be executed and when an original signature of the document is forwarded by email, email scan, telefax or otherwise, the signature is intended to be and may be relied upon as the original signature of the relevant party.

The undersigned parties hereby ratify and confirm the additional provisions and amendments set forth above, and do furthermore hereby ratify and confirm the Agreements, as amended, to be in full force and effect and the valid and subsisting Agreements covering the Lands.

Executed and effective this the 15 day of February 2011 (the "Effective Date").

LESSOR:

Mansfield Ervin Minerals, Ltd.,
 a Texas Limited Partnership,



John Will Ervin, President of EPAR GP, LLC,
 a Texas Limited Liability Company,
 as General Partner on behalf of Mansfield Ervin Minerals, Ltd.
 a Texas Limited Partnership

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RATIFIED BY SURFACE OWNERS:

Robert Ervin
Robert Ervin

Billy Wayne Ervin
Billy Wayne Ervin

Sandra Ervin
Sandra Ervin

Faye Ervin
Faye Ervin

John Will Ervin
John Will Ervin

CARRIZO:

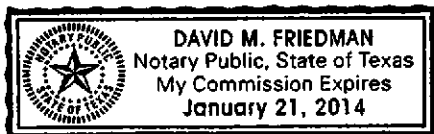
Carrizo Oil & Gas, Inc.

By: Andrew R. Agosto
Name: Andrew R. Agosto
Title: Vice President

DAUF

THE STATE OF TEXAS §
COUNTY OF TARRANT §

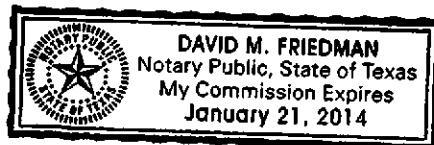
This instrument was acknowledged before me on the 15 day of February, 2011 by John Will Ervin, President of EPAR GP, LLC, a Texas Limited Liability Company, as General Partner on behalf of Mansfield Ervin Minerals, Ltd., a Texas Limited Partnership, executed and delivered in the stated capacity on behalf of the General Partnership.



David M. Friedman
Notary Public in and for The State of Texas
David M. Friedman
Printed Name of Notary:
My Commission Expires: 1-21-14

THE STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 15 day of February, 2011 by Robert Ervin.



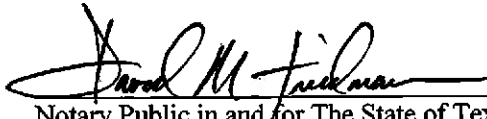
David M. Friedman
Notary Public in and for The State of Texas
David M. Friedman
Printed Name of Notary:
My Commission Expires: 1-21-14

Ervin Second Amendment
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THE STATE OF TEXAS §
 COUNTY OF TARRANT §

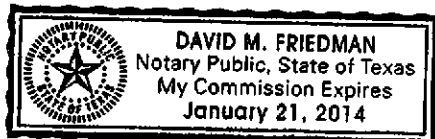
This instrument was acknowledged before me on the 15 day of February, 2011 by Billy Wayne Ervin.

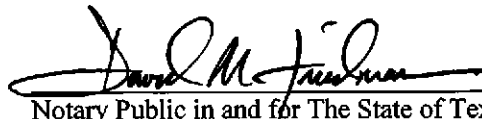



 Notary Public in and for The State of Texas
David M. Friedman
 Printed Name of Notary:
 My Commission Expires: 1-21-14

THE STATE OF TEXAS §
 COUNTY OF TARRANT §

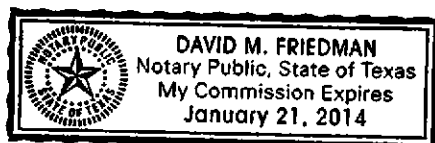
This instrument was acknowledged before me on the 15 day of February, 2011 by Sandra Ervin.





 Notary Public in and for The State of Texas
David M. Friedman
 Printed Name of Notary:
 My Commission Expires: 1-21-14

THE STATE OF TEXAS §
 COUNTY OF TARRANT §

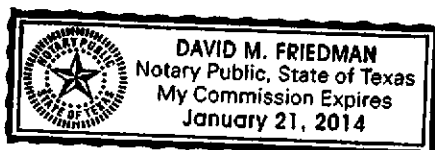
This instrument was acknowledged before me on the 15 day of February, 2011 by Faye Ervin.

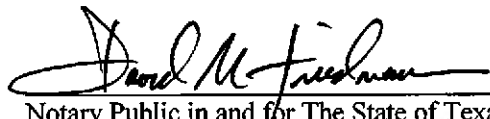



 Notary Public in and for The State of Texas
David M. Friedman
 Printed Name of Notary:
 My Commission Expires: 1-21-14

THE STATE OF TEXAS §
 COUNTY OF TARRANT §

This instrument was acknowledged before me on the 15 day of February, 2011 by John Will Ervin.

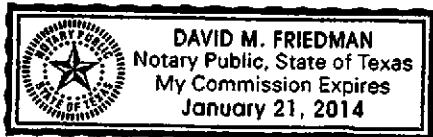



 Notary Public in and for The State of Texas
David M. Friedman
 Printed Name of Notary:
 My Commission Expires: 1-21-14

Ervin Second Amendment
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THE STATE OF TEXAS §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 15 day of February, 2011 by Andrew R. Agosto
as Vice President of Carrizo Oil & Gas, Inc., a Texas corporation, on behalf of said corporation.



David M. Friedman
Notary Public in and for The State of Texas

David M. Friedman
Printed Name of Notary:
My Commission Expires: 1-21-14

After Recording Please Return To:

Carrizo Oil & Gas, Inc.
1000 Louisiana Street, Suite 1500
Houston, Texas 77002
Attn: David Friedman

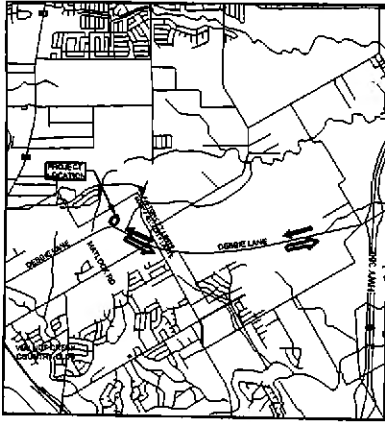
Ervin Second Amendment
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EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN SECOND AMENDMENT
BETWEEN MANSFIELD ERVIN MINERALS, LTD., ET AL AND CARRIZO OIL & GAS, INC.

PLAT

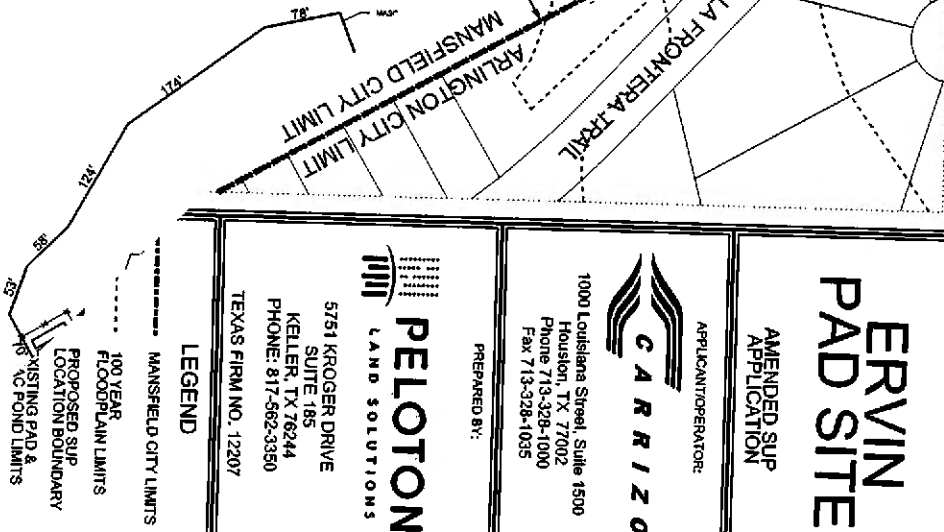
Drill Site Plan
SUP Boundary, Operations Site, Access Road, Pipeline and Meter Easements



VICINITY MAP
SCALE: N.T.S.

NOTES:

1. DRILLING AND COMPLETION ACTIVITIES WILL COMPLY WITH THE REGULATIONS CONTAINED IN SECTION 7360 OF THE ZONING ORDINANCE AND CHAPTER 114 OF MANSFIELD CODE OF ORDINANCES, AND ALL APPLICABLE STATE AND FEDERAL REGULATIONS.
2. THE PURPOSE OF THIS AMENDMENT IS TO ELIMINATE THE FRAC POND THE SIZE OF THE EXISTING DRILL SITE, AND ADD NEW WELLS. IN ADDITION, PREVIOUSLY APPROVED WELLS, CARRIZO WILL DRILL UP TO 20 ADDITIONAL WELLS UNDER THIS SUP, FOR A TOTAL OF 28 WELLS ON THIS SITE.
3. VEHICULAR TRAFFIC FOR THE ERVIN UNIT WILL TRAVEL WEST ON DEBBIE LANE AND TURN RIGHT INTO THE SITE. TRAFFIC LEAVING THE SITE WILL TURN LEFT ONTO DEBBIE LANE TO SH 360.
4. WATER FOR DRILLING AND COMPLETION OPERATION SOURCES, IF NEEDED, WATER WILL ALSO BE DELIVERED BY ROUTE DESCRIBED IN NOTE 3. A FRAC POND WILL NOT BE REQUIRED.
5. PIPELINES WILL BE PERMITTED IN ACCORDANCE WITH ALL APPLICABLE REGULATIONS.
6. A LINE COMPRESSOR WILL NOT BE LOCATED ON THIS SITE. COMPRESSORS SHALL BE THE ONLY CO₂ FACILITY WITHOUT ADDITIONAL PERMITTING.
7. SITE SHALL BE SCREENED AND SHALL BE IN ACCORDANCE WITH MANSFIELD ORDINANCES.
8. THE FIRST NEW WELL IS AT THE CORNER OF DEBBIE LANE AND COMBIE LANE.
9. NO ACTIVITIES, VEHICULAR TRAFFIC, OR SIMILAR ACTIVITIES WILL BE PERMITTED BEYOND THE RIGHTS-OF-WAY.



**ERVIN
PAD SITE**
AMENDED SUP
APPLICATION

APPLICANT/OPERATOR:



1000 Louisiana Street, Suite 1500
Houston, TX 77002
Phone 713-328-1000
Fax 713-328-1035

PREPARED BY:



5751 KROGER DRIVE
SUITE 185
KELLER, TX 76244
PHONE: 817-562-3350
TEXAS FIRM NO. 12207

LEGEND

- MANSFIELD CITY LIMITS
- 100 YEAR FLOODPLAIN LIMITS
- PROPOSED SUP LOCATION BOUNDARY
- EXISTING PAD & 10 FOND LIMITS

7/20/10

7/20/10